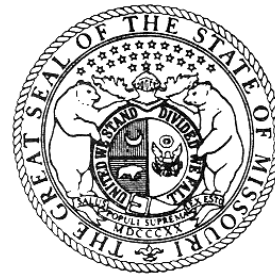


# ***PRESS RELEASE***

STATE SENATOR DAN CLEMENS – 20<sup>TH</sup> DISTRICT



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Missouri Senate

**FOR IMMEDIATE RELEASE: April 1, 2004**

## **Weekly Capitol Report**

JEFFERSON CITY – Every Monday when I leave for Jefferson City for the legislative week, I stop at Casey's in Marshfield. J.R. and the gang always ask me what we are working on and what we are going to be passing. Here is an answer for them that I will share with all of you.

We have made some real progress on some important issues in the first half of this session. Legislation regarding tax credit accountability, corporate tax loopholes, imaginary revenue, worker's compensation reform, unemployment insurance, tort reform, and Senior Rx Prescription Drug Program all are examples of important bills which are in the process of working their way through the Legislature.

The Missouri Senate gave final approval to SB 1099. This measure is known as the Tax Credit Accountability Act. It would systematically organize tax credits, require those receiving the credits to report on how they are being used, and make this information available to the Legislature, the state auditor, the public and the press.

The state issues a wide range of tax credits to create jobs, stimulate the economy and to bring infrastructure and opportunity to economically disadvantaged areas. These credits can be used, not used or in some cases sold to other entities. The state currently does not have a method of classifying these credits or precisely monitoring if or how they are used.

This bill would not eliminate any particular tax credits. It will establish a system of monitoring tax credits to enable lawmakers to make informed policy choices about which credits best serve the public.

Senators began debating House legislation (HB 969) changing how income generated by certain corporations is accounted for and taxed. This measure would change how certain

corporations are taxed by the state, and seeks to close what are commonly referred to as the “Geoffrey loophole,” so named for the mascot of Toys R Us, a global retailer doing business in Missouri but headquartered in another state.

The parent/subsidiary arrangement currently enables corporations to transfer income derived in Missouri to parent companies based in states with little or no income tax. Subsidiaries operating in Missouri are authorized by their parent companies to use intellectual property such as patents, trademarks and logos.

These “charge-back” transactions can be used to transfer the bulk of a subsidiary’s income to its parent company, effectively zeroing out any trace of Missouri-based income. This bill would restrict charge backs made ostensibly to lessen income tax burdens.

Senate passage of HB 969 in its House form would send the bill to the governor’s office. Any changes made by the Senate before adopting the measure would need to be worked out in a joint conference committee before the governor could consider it.

The Senate began debating HB 1304 concerning tort reform and medical malpractice lawsuits.

HB 1304 seeks to end the practice of “venue shopping” in which plaintiffs are allowed to file cases in jurisdictions known for awarding the large settlements.

The legislation also seeks to limit joint and several liability. Rather than hold accountable those primarily responsible, this predatory practice allows full damages to be assessed against those found to have only a fraction of the total liability.

The measure would restore jury award caps of \$250,000 per incident for non-economic damage. These are not limits on amounts awarded for actual losses. Instead, they are caps on non-economic, punitive damages sought in addition to compensating for the actual loss suffered.

**I also wanted to thank all the attendees, participants, and especially Teresa Blakey of the Ava Chamber for making the Economic Development Summit we held in Ava on March 22 such a success. I believe we began a conversation there that will lead to great opportunities for our friends in Douglas County.**

As always, I appreciate your opinion on any legislative matter. If you have any questions or concerns to share, please call me at 1-866-242-0810, or email me at [dan\\_clemens@senate.state.mo.us](mailto:dan_clemens@senate.state.mo.us).

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